

VZCZCXRO5832
PP RUEHTRO
DE RUEHTU #2418/01 2641213
ZNR UUUUU ZZH
P 211213Z SEP 06
FM AMEMBASSY TUNIS
TO RUEHC/SECSTATE WASHDC PRIORITY 1898
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0794
RUEHAS/AMEMBASSY ALGIERS PRIORITY 7291
RUEHLO/AMEMBASSY LONDON PRIORITY 1180
RUEHNK/AMEMBASSY NOUAKCHOTT PRIORITY 0782
RUEHFR/AMEMBASSY PARIS PRIORITY 1633
RUEHRB/AMEMBASSY RABAT PRIORITY 8219
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0393
RUEHCL/AMCONSUL CASABLANCA PRIORITY 3993
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 TUNIS 002418

SIPDIS

SENSITIVE
SIPDIS

STATE FOR NEA/MAG (HARRIS) AND EB/CIP
STATE PASS USTR (BELL), USPTO (ADLIN AND ADAMS), USAID
(MCCLOUD)
USDOC FOR ITA/MAC/ONE (ROTH), ADVOCACY CTR (JAMES), AND
CLDP (TEJTEL)
CASABLANCA FOR FCS (ORTIZ)
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [ELAB](#) [EAIR](#) [EINT](#) [ECPS](#) [KTEX](#) [TS](#)

SUBJECT: TUNISIA ECONOMIC HIGHLIGHTS: SEPTEMBER 1 - 15

REF: A. TUNIS 2303

[1](#)B. TUNIS 1741

[1](#)C. TUNIS 629

[1](#)1. (U) This cable contains highlights of recent economic developments in Tunisia on the following topics:

- [1](#)A. Unemployment Holds Steady at 14.2 Percent
- [1](#)B. Tunisia and Morocco Continue Dialogue on Cooperation
- [1](#)C. Emirates Lands in Tunisia
- [1](#)D. Italy's Benetton Invests in Tunisian Textiles
- [1](#)E. Tunisie Telecom Launches Mobile Internet and Email

Unemployment Holds Steady at 14.2 Percent

[1](#)2. (U) According to the Tunisian Central Bank's (BCT) annual report, the 2005 unemployment rate remained at 14.2 percent of the working population, which is 3.4 million workers, for the second consecutive year. The unemployment rate among university graduates reached 14.8 percent, up slightly from 14.1 percent in 2004.

[1](#)3. (SBU) Comment: While the unemployment figures are not surprising, they remain troubling for the GOT-- especially when coupled with an overall slowdown in the economy. In 2005, economic growth dropped to 4.2 percent from 5.8 percent in 2004. In spite of the GOT's efforts to spur job creation, private sector job growth has not increased to meet the demand. The higher unemployment rate among university graduates, however slight, is also an acute concern, which the government says it plans to address by providing job training for graduates. End Comment.

Tunisia and Morocco Continue Dialogue on Cooperation

[1](#)4. (U) On September 7, Tunisian Prime Minister Ghannouchi visited Morocco for the 13th meeting of the Moroccan-

Tunisian Joint High Commission. Officials from the two countries discussed the implementation of previously signed trade agreements and the acceleration of bilateral trade and investment. The two parties signed a Memorandum of Understanding (MOU) targeting increased cooperation and setting out a number of joint priorities in the mining sector, which is an important industry in both countries. The two countries also signed an agreement for reciprocal recognition of trading standards certificates, in an effort to eliminate legal issues surrounding bilateral trade and exchange. Other agreements, covering tourism, poverty alleviation, and media were also signed. In 2005, trade between Tunisia and Morocco reached 220 million dinars (roughly 166 million USD), up from 122 million dinars (90 million USD) in 2000.

¶5. (SBU) Comment and Background: The talks with Morocco represent a broader GOT focus on increasing intra-Maghreb trade. In August, Tunisian officials participated in a similar series of meetings at the 19th session of the Libyan-Tunisian Joint High Commission (ref A). Although the Maghreb countries have signed agreements to allow duty-free trade in principle, in practice many barriers still remain. In addition, both Morocco and Tunisia are signatories to the 2004 Agadir agreement, which will create a free trade zone with Egypt and Jordan but has not been fully implemented. End Comment and Background.

Emirates Lands in Tunisia

¶6. (U) Dubai-based Emirates airlines announced that it will begin flights to Tunis on October 29. The company will serve Tunis five times a week, with several direct flights

TUNIS 00002418 002 OF 002

between Tunis and Dubai and other flights via Tripoli. The opening of Emirates services in Tunisia is a sign of the growing bilateral economic interests between Tunisia and the UAE. (ref B). Earlier this year, a GOT delegation to the UAE discussed investment opportunities with both corporate and government entities. The bilateral talks are expected to facilitate investments by Dubai-based enterprises in the following sectors: seaports, tourism, communications, insurance, power generation, water desalination and oil refining.

Italy's Benetton invests in Tunisian Textiles

¶7. (U) According to local press, the Italian Benetton group plans to invest 28 million USD in a textile finishing factory to be built in Sahlin, a city on the Eastern coast of Tunisia. In addition, the group announced a project in Kasserine, central-western Tunisia. The project was presented by Tunisian Minister of Industry, Energy and Small Business, Afif Chelbi, after a meeting with a delegation of Benetton managers. Benetton Tunisia is among the most important groups in the Tunisian textile sector, employing over 7,000 people and producing nearly 21 million pieces annually.

¶8. (SBU) Comment and Background: After the end of the quotas that existed under the Multifiber Agreement, the Tunisian textile sector has faced increased competition from Chinese textiles. In order to promote continued investment and job creation in textiles, the GOT has granted favorable tax and customs concessions to foreign investors such as Benetton. Textile production employs roughly 250,000 people and, according to official figures for 2005, the textile and apparel share in total exports is 32.6 percent. End Comment and Background.

Tunisie Telecom launches Mobile Internet and Email

¶9. (U) Tunisie Telecom (TT) has launched two new services, internet and e-mail on mobile phones, aimed at increasing internet penetration in the country. The new services, which were activated September 1 for all mobile phone subscribers, are Mobimail, which allows sending and receiving e-mails through the cell phones, and Mobinet, which provides full access to the Internet. The phone company accompanied the launch of the new services with promotions for free connections until the end of November.

¶10. (SBU) Comment and Background: The new services highlight the benefits of increased competition and privatization for Tunisian consumers (ref C). Prior to the entrance of Tunisiana, Tunisia's only fully-private cellular operator, TT had a monopoly in the Tunisian telecom market. Since entering the market in late 2002, Tunisiana has gained at least a 40 percent share of the Tunisian market for cellular phone service based on its lower prices, flexible subscription plans, and extra services. TT's additional services and aggressive marketing follow the March 2006 privatization of a 35 percent stake in TT by the UAE company, TECOM-DIG. The GOT retains a 65 percent stake in TT. End Comment and Background.
BALLARD